

# Model Revolving Loan Fund (RLF) Programs Spring 2023 Webinar Series

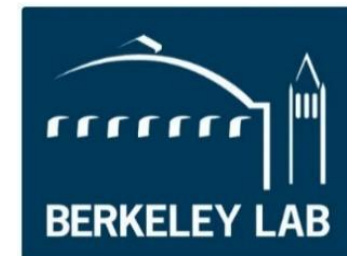
April 19, 2023

*Commercial Retrofit Financing:  
Minnesota's Combined RLF and Commercial PACE Approach*



**SCEP**

STATE & COMMUNITY ENERGY PROGRAMS



# Agenda

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## **1. Housekeeping, Updates, and Reminders**

## **2. Featured Presentation**

- Minnesota: Commercial Retrofit Financing with RLF and Commercial PACE**

## **3. Facilitated Q&A with Berkeley Lab**

# Housekeeping and RLF Program Reminders


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## Reminders:

- **Application Deadline:** Due May 26, 2023
- **Resource:** RLF Frequently Asked Questions (circulated on March 8, 2023)

## Questions?

- Contact your SEP Project Officer or [EERevolvingLoanFund@ee.doe.gov](mailto:EERevolvingLoanFund@ee.doe.gov)



# Minnesota Commercial Property Assessed Clean Energy (C-PACE)

 **COMMERCE  
DEPARTMENT**  
[mn.gov/commerce](https://mn.gov/commerce)



# Commercial PACE

- C-PACE Benefits
- Description of Minnesota Programs
  - St. Paul Port Authority
  - Southwest Regional Development Council
- Community Bank and Credit Union Engagement
- 40502 Plan



# Benefits and Description

The Minnesota Commercial Property Assessed Clean Energy (C-PACE) program provides an opportunity for business owners to upgrade energy efficiency of their properties and pay for those improvements with the resulting energy savings. Additionally, the security from the tax assessment encourages banks and credit unions to purchase PACE loans, which revolves the funds quicker.

The St. Paul Port Authority and the Southwest Regional Development Commission (SRDC) have successfully facilitated C-PACE loans both large and small. Through an expansion of the regional program that SRDC has modeled, and an increase in partnerships with community lending institutions the State Energy Office hopes to provide this opportunity to business owners of all sizes across the entire state.





# Trillion BTU – St. Paul Port Authority

\$15 million (\$5m - Xcel Territory/\$10 m – Greater MN)

- Performance – Loaned \$59,122,000
- Joint Powers Agreements More than 70 of 87 Minnesota counties
- Referral relationship with SRDC program for projects <\$100,000 and willingness to partner with any RDC for referrals and assessments
- Payments begin May of following year on their taxes (or the second year, for new construction)
- Via lender acknowledgement, with mortgage holder, opportunity to sell the loan with SPPA payment terms and revolve funds.
- Consistent working relationship with regional banks and credit unions for revolving funds.
- Community based banks may direct finance C-PACE themselves with SPPA doing the assessment.



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# Southwest Regional Development Commission

- Rural Minnesota Energy Board (RMEB) for PACE tax assessments. Staffed by SRDC offering C-PACE 18 counties (9 outside SRDC territory)
- Started with \$649k in Exxon funding, ended with \$1.1 million with matches from the East River Cooperative, and SEP dollars.
- Offer \$5,000-\$100K loans. Larger than \$100K are referred to SPPA.
- Reciprocal relationship where SPPA refers smaller loans to SRDC
- SEO will introduce new outreach and education with small business associations, municipalities, and lending institutions to increase awareness of C-PACE.
- Workforce Development to address auditor and installer shortages.



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# 40502 - \$1.8 Million Funding for Minnesota

- RFP for current and new programs at the regional level for Commercial PACE
- Emphasis is on expanding access to C-PACE border to border and offering options to those without access to a regional program.
- Awards between \$200k - \$600k for program development or funding of approved program plans.
- MN SEO will also centralize and streamline outreach and education material to support programs.



# Community Banks and Credit Unions

- Provides option for communities that don't have a regional program.
- SPPA can provide the JPA/tax assessment for bank/CU originated loans or can originate the loan and sell it to them.
- If SPPA originates, through lender acknowledgement, offers to sell the loan to mortgage holder.
- Allows for faster revolving of funds for the third party lenders.
- Provides opportunity of local funding for local businesses and builds on trusted relationship between business owners and banks.
- MN Commerce Department's Financial Institution Division can help facilitate introductions to associations for information and education campaign.





# Questions

Leah Wilkes

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Minnesota State Energy Office

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# MinnPACE

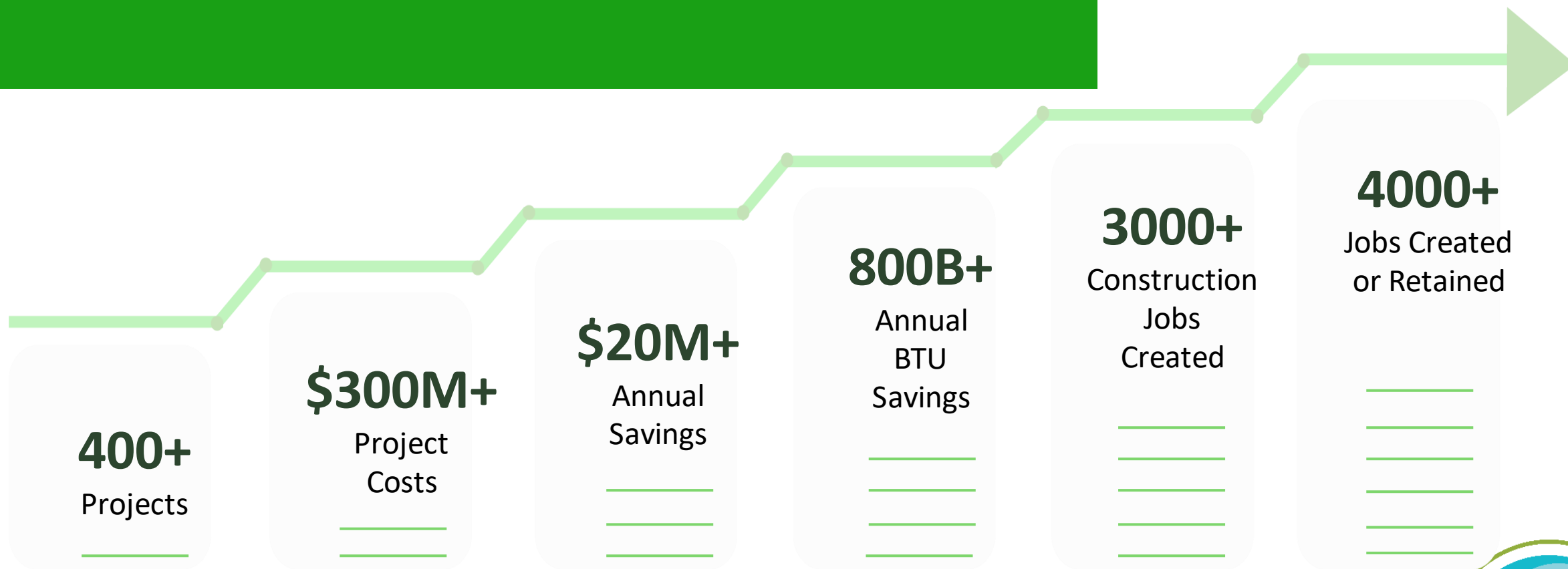
US Department of Energy / Lawrence Berkeley National Laboratory  
Revolving Loan Fund Webinar Series – Commercial Financing with Minnesota  
April 19, 2023

## Using Property Assessed Clean Energy (PACE) in RLFs Accelerating the Revolving to Accomplish More

By: Peter Klein, VP Finance  
Saint Paul Port Authority



# MinnPACE Cumulative Results



# MinnPACE for Small Businesses

## Property Assessed Clean Energy

- 300+ Projects Under \$250,000
- 225+ Solar Projects / 75+ Efficiency Projects
- \$60,000,000+ of Project Cost
- Reasons to Invest in Energy Projects
  - Positive Cash Flow
  - No Cost Marketing Investment
- Renewable Projects Receive Half the Original Cost Back Before the First Payment is Due





# Key Components to a Successful PACE Program

## Property Assessed Clean Energy

- Open and competitive lending market
  - Do not abdicate to one lender/administrator
- Revolving loan fund
  - \$10,000,000?
- Private sector lending institutions to revolve funds
  - Community banks and credit unions
- Assessment Assignment Agreement
  - Between administrator and lenders
- Easy and quick lending process



# MinnPACE Funding Sources for 2023:

## Property Assessed Clean Energy

• \$20,000,000 Revolving Loan Fund (5.00% Interest)	\$ 1,000,000
• \$300,000,000 Revolved Loans (25bp Admin. Fee)	750,000
• Utility participation	<u>150,000</u>
Total Gross Revenue	\$1,900,000





# 990 Payne

## Property Assessed Clean Energy

990 Payne Avenue, Saint Paul  
Rooftop HVAC Units  
\$70,000



# Saint Paul YWCA

## Property Assessed Clean Energy

375 Selby Avenue, Saint Paul  
Rooftop HVAC Units  
\$245,000





# Koob Moo Funeral Chapel

## Property Assessed Clean Energy

1235 Arcade Street, Saint Paul  
Solar  
\$193,000



# St. Croix Cleaners

## Property Assessed Clean Energy

120 W Plato Blvd, Saint Paul  
Lighting, HVAC, Motors  
\$400,000





# Apadana Solar

## Property Assessed Clean Energy

1360 Nevada Ave, Golden Valley  
Solar Array  
\$105,000



# Minnesota Cameroon Community

## Property Assessed Clean Energy

1020 Bandana Blvd, Saint Paul  
District Energy Connection  
\$250,000





# Northgate

## Property Assessed Clean Energy

1200 Plymouth Ave, Minneapolis

Solar

\$173,000





# AirCorps Aviation

## Property Assessed Clean Energy

Exchange Ave SE, Bemidji  
LED Lighting  
\$25,000



# Lake County Veterinary Clinic

## Property Assessed Clean Energy

Scenic Drive, Two Harbors  
Solar  
\$32,000





# Winona Rental

## Property Assessed Clean Energy

Mobile Drive, Winona  
Solar  
\$140,000





# Deneen Pottery

## Property Assessed Clean Energy

Endicott Street, Saint Paul  
Solar  
\$390,000



# Paul's Handyman Services

## Property Assessed Clean Energy

Circle S Road, Red Wing  
Solar  
\$34,000





# Cliff Dweller Hotel

## Property Assessed Clean Energy

Highway 61, Tofte  
Doors & Solar  
\$119,000

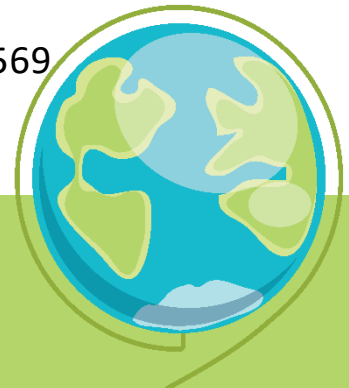


# Kresge Foundation

## Loan/Grant to Saint Paul Port Authority

<u>Balance</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>	<u>Kresge</u>	<u>SPPA</u>
				\$ 3,000,000		
\$ 3,000,000	\$ 388,514	\$ 150,000	\$ 238,514	\$ 2,761,486	\$ 75,000	\$ 75,000
\$ 2,761,486	\$ 388,514	\$ 138,074	\$ 250,439	\$ 2,511,047	\$ 69,037	\$ 69,037
\$ 2,511,047	\$ 388,514	\$ 125,552	\$ 262,961	\$ 2,248,085	\$ 62,776	\$ 62,776
\$ 2,248,085	\$ 388,514	\$ 112,404	\$ 276,109	\$ 1,971,976	\$ 56,202	\$ 56,202
\$ 1,971,976	\$ 388,514	\$ 98,599	\$ 289,915	\$ 1,682,061	\$ 49,299	\$ 49,299
\$ 1,682,061	\$ 388,514	\$ 84,103	\$ 304,411	\$ 1,377,650	\$ 42,052	\$ 42,052
\$ 1,377,650	\$ 388,514	\$ 68,883	\$ 319,631	\$ 1,058,019	\$ 34,441	\$ 34,441
\$ 1,058,019	\$ 388,514	\$ 52,901	\$ 335,613	\$ 722,407	\$ 26,450	\$ 26,450
\$ 722,407	\$ 388,514	\$ 36,120	\$ 352,393	\$ 370,013	\$ 18,060	\$ 18,060
\$ 370,013	\$ 388,514	\$ 18,501	\$ 370,013	\$ 0	<u>\$ 9,250</u>	<u>\$ 9,250</u>
Total					\$ 442,569	\$ 442,569

Interest rate of 5.00% split equally between Kresge and SPPA





# \$500,000 EECBG Grant Results in Under 10 Years

## EECBG Financing Program Annual Report

OMB control number (1910-5150)  
Expiration Date 5/31/2017

### US Department of Energy

Steps:

1. Rename this form by changing file name from "GRANTEE NAME" to grant name.
2. Please see page three (3) for completion instructions.
3. Complete one form in its entirety per Financing Program and submit to: EECBG@ee.doe.gov

Retired Grant Number	DE-EE-0000755	Program Administration	Third Party
Sector Served	Commercial	Type of Program	RLF

### Financial Metrics<sup>1</sup> - Fund Balances

Item	Previous Total	Change	Current Total
a. Program income	178,921	22,800	201,721
b. Administrative costs <sup>2</sup>	0	0	0
c. Dollar value of write-offs / loan losses <sup>3</sup>	0	0	0
d. Funds returned to Treasury	0	0	0
e. Total Program Fund size <sup>4</sup>	678,921	22,800	701,721

### Program Metrics<sup>1</sup> - Fund Performance Measures

Item	Previous Total	Change	Current Total
f. Dollar value of loans given or incentivized <sup>5</sup>	2,025,437	371,000	2,396,437
g. Number of loans given or incentivized <sup>5</sup>	9	1	10
h. Interest rate on loans given or incentivized <sup>6</sup>	4.08	5.00	4.22
i. Average calendar days required to re-lend or recommit funds <sup>7</sup>	78.7	-58.31	20.39
j. Number of write-offs/loan losses <sup>8</sup>	0	0	0
k. Number of jobs created or retained	394	4	398
l. Cost Share Percentage of Program Funds	0	0	0

<sup>1</sup>Only report on funds and program income generated from initial capitalization of the Program via the EECBG Award Agreement including amended activities; for negative entries, place "-" in front of number.



Questions?

[www.minnpace.com](http://www.minnpace.com)